CROP*REVENUE* COVERAGE

HIGH RISK CLASSIFICATION PREMIUM CALCULATION WORKSHEET

USE THIS WORKSHEET ONLY WHEN STARTING WITH A FLAT RATE (75% Level) WHERE A RATE DIFFERENTIAL IS INVOLVED OR APPLICABLE IN THE CALCULATION OF THE MPCI BASE RATE

Unit: _____ Date: _____ State: _____

County: _____ Crop: _____

TWP: _____ RGE: _____ Section: _____

Practice: _____ Type: _____

A) Approved Yield: _____
   (includes yield adjustments)

B) Coverage Level: _____

C) MPCI Base Rate: _____
   (C1× C2) (Rounding: Three decimals)

   C1) High Risk Classification Rate: _____

   C2) Rate Differential: _____

D) Base Price: _____

H) Estimated Acres: _____

I) Share: _____

K) Rate Class Option Factor: _____

L) Option Factor: _____

M) MPCI Market Price Election _____

N) Producer Subsidy Percentage: _____
   75%=0.235   60%=0.378
   70%=0.319   55%=0.461
   65%=0.417   50%=0.550

O) High Risk Classification
   Premium Factor: _____
   *(Refer to CRC High Risk
   Classification Rules and Formula)*

P) CRC Enterprise Option Factor   : _____
   The Option Factor "L" must always
   *contain a form of the Basic Unit Discount (BUD)
   when selecting the enterprise unit option.*

PART 1 - YIELD RISK
Multiply (A × B × C × D) _____
(Rounding: Two decimals)

PART 2 - RISK PREMIUM
(PART 1 × H × I × K × L × O × P) _____
(Rounding: Zero decimals*)

PART 3 - SUBSIDY
 (A × B × C × M × H × I × K × L × N × P) _____
(Rounding: Zero decimals*)

PART 4 - **PRODUCER PAID PREMIUM**
(PART 2 - PART 3) _____
(Rounding: Zero decimals*)

* NOTE: *Round to two decimals for one acre quotes*

THIS WORKSHEET IS INTENDED TO ASSIST IN ESTIMATING PRODUCER PREMIUM ONLY.

CRC - PCHR99 (Ed. 6/09/98)

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HIGH RISK CLASSIFICATION
PREMIUM FACTOR RULES AND FORMULA

*Please note that the CRC High Risk Classification formula for calculating premium differs from the standard CRC formula. Also note that **NOT** all factors used in the standard CRC formula are used when calculating a CRC High Risk Classification premium.*

STEP 1:   Information needed.

Variables:		Example
(APH)->Approved Yield	=	ie. 100 bu.
(DIFF)->Rate differential factor	=	ie. 0.65
(LEV)->Selected Coverage Level	=	ie. 65% or 0.65
(HRBR)-> High Risk Classification Base Rate*	=	ie. 23.0% or 0.230
*rate represents 75% coverage level		

STEP 2:   Apply the differential from the supplemental rate differential table.

High Risk Classification Base Rate = 23.0 % = 0.230
Rate differential for 65% coverage (DIFF) = 0.650
Adjusted High Risk Classification Base Rate = 0.230 * 0.650 = 0.150 or 15.0%
(Rounding: Three decimals)

STEP 3:   Cotton APH Adjustment.

Only for Cotton-021, multiply the APH by 0.1 (ie. 1500 * 0.1 = 150).

For all other eligible crops (Wheat-011, Corn-041, Soybeans-081, and Grain Sorghum-051) skip this step.

STEP 4:   Calculate the CRC High Risk Classification Premium Factor via this formula:

CRC High Risk Classification Premium Factor =

Part 1	17.66170	(-1.14398+(-0.00473*APH)+(1E-05*(APH^2))+(1.10535*(HRBR*100)) + (-0.00076*((HRBR*100)^2))+(0.00039*(APH*HRBR*100))+(3.36066*LEV))
Part 2	-0.02571	(0.05-1.13*(HRBR-0.083))
Part 3	0.03000	Apply Cup and Cap to Part 2 (Min 0.03 , Max 0.07)
Part 4	1.03000	Part 3 + 1.00000
Part 5	18.19155	Part 1 * Part 4
Part 6	1.21277	Part 5 / 100 / HRBR
Part 7	1.213	Round Part 6 To 3 decimals.

ANSWER =   1.213

STEP 5:   Use CRC Premium Calculation Worksheet High Risk Classification Formula to calculate the premium applying the CRC High Risk Classification Premium Factor from STEP 4 above.